

## Message Text

CONFIDENTIAL

PAGE 01 BUDAPE 01335 261011Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 PA-01 PRS-01 L-03 H-01 /086 W  
-----261015Z 121922 /17

R 260841Z APR 77  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC 8368

C O N F I D E N T I A L BUDAPEST 1335

E.O. 11652: GDS  
TAGS: ECIN, ETRD, EFIN, COMECON, HU  
SUBJECT: HUNGARIAN/SOVIET TRADE; TRANSFERABLE RUBLE

REF: MOSCOW 5478

1. POSSIBILITY EXPRESSED PARA 5 REFTEL THAT SOVIETS MIGHT TRY TO DEVELOP CASE FOR TRANSFERABLE RUBLE (TR) AS SUBSTITUTE FOR CONVERTIBILITY BORNE OUT FROM DISCUSSIONS WITH MAGYARS. SEVERAL HUNGARIANS WHO SHOULD KNOW, MOST RECENTLY HUNGARIAN NATIONAL BANK GENERAL MESZAROS, HAVE INFORMED WESTERN DIPLOMATS THAT HUNGARY HAS FREQUENTLY PROPOSED MAKING THE SO-CALLED TRANSFERABLE RUBLE GENUINELY TRANSFERABLE, AND EVENTUALLY CONVERTIBLE.

2. GOH HAS SO FAR BEEN REBUFFED BY THE SOVIET UNION. IN PAST HUNGARY BUILT UP SUBSTANTIAL TR SURPLUSES IN MOSCOW, BUT RUBLE TRADE DEFICITS, BEGINNING IN 1975, HAVE DRAWN THESE BALANCES DOWN TO ZERO. MESZAROS RECENTLY CONFIRMED TO A NATO COLLEAGUE THAT HUNGARY'S POSITIVE RUBLE BALANCE WITH MOSCOW HAS NOW BEEN DEPLETED. (NOTE: BALANCE WAS STILL POSITIVE IN 1976 BUT EMBASSY HAD EARLIER RECEIVED INDICATIONS IT WAS ABOUT GONE.)

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3. IN THE SAME CONVERSATION MESZAROS VOLUNTEERED THAT TWO-WAY TRADE DENOMINATED IN HARD CURRENCY BETWEEN THE USSR AND HUNGARY AMOUNTED TO OVER \$200 MILLION IN 1976. THIS SUM TIES IN WITH OTHER HUNGARIAN TRADE STATISTICS (BUDAPEST A-18), AND IS A GOOD INDICATION FROM A KNOWLEDGEABLE GOVERNMENT OFFICIAL OF THE AMOUNT OF THIS TRADE LAST YEAR. HUNGARIANS HAVE NEVER INDICATED

TO EMBASSY OFFICERS THAT TRANSFERABLE RUBLE IS  
INDEED TRANSFERABLE WITHIN CEMA (PARA 4, REFTEL).  
MAGYARS HAVE ALWAYS COMPLAINED THAT THE OPPOSITE IS  
THE CASE.  
MUDD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, FOREIGN TRADE, CURRENCIES, RUBLE  
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**Copy:** SINGLE  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Subject:** HUNGARIAN/SOVIET TRADE; TRANSFERABLE RUBLE  
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**Type:** TE  
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**Review Markings:**  
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